

Estimated State Tax Revenue

Tennessee Department of Revenue

December 10, 2013

Fiscal Year 2013 Tax Revenue

COMPARISON OF ACTUAL ACCRUAL STATE TAX REVENUE

DEPARTMENT OF REVENUE TAXES

YEAR OVER YEAR COMPARISON

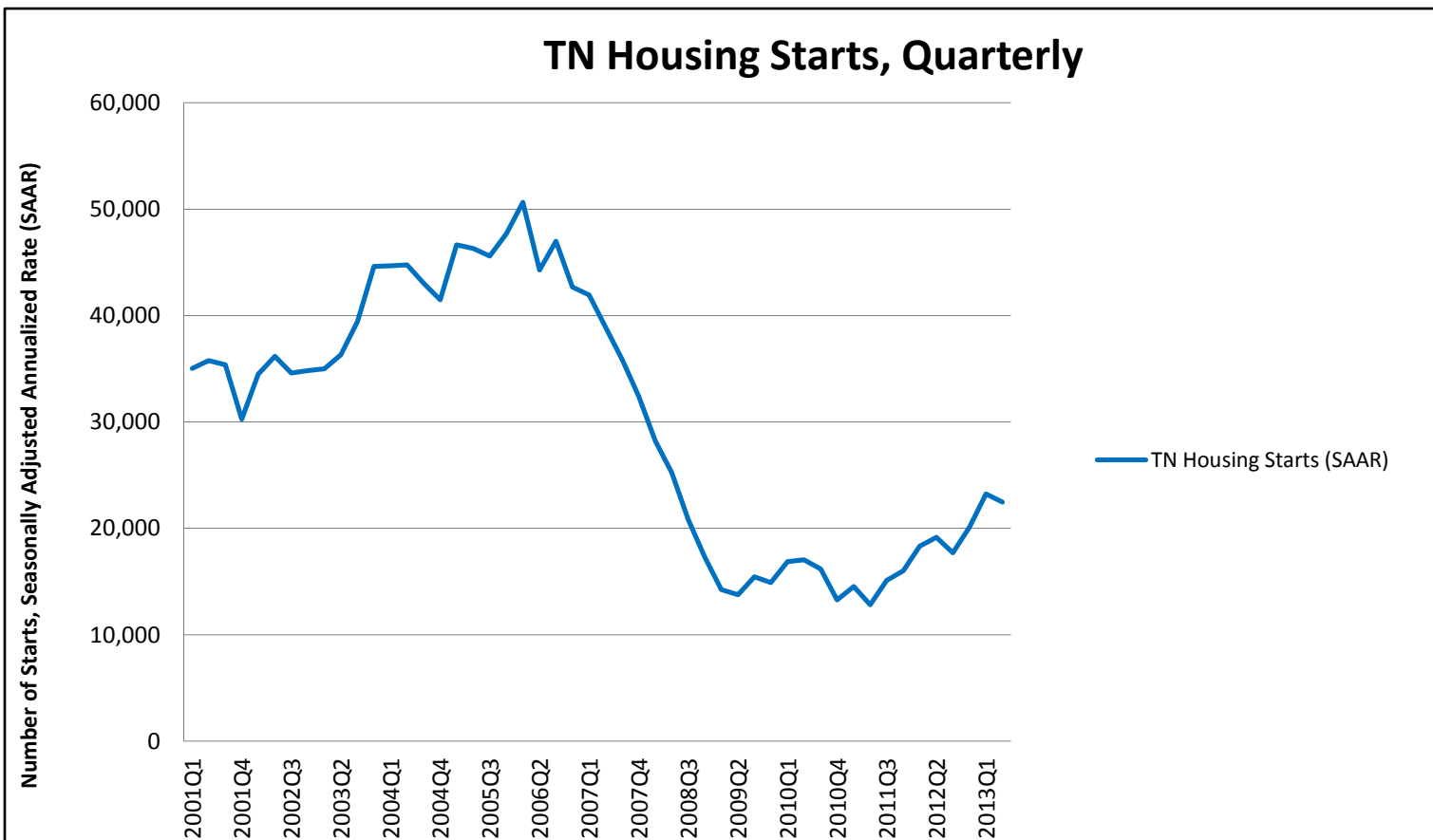
	Fiscal Year 2012	Fiscal Year 2013	% Change	Tax Weight	Total % Point Contribution
Sales and Use Tax	\$ 6,899,944,000	\$ 7,012,028,700	1.6%	60.7%	0.99%
Hall Dividend & Interest Tax	185,151,400	233,418,800	26.1%	1.6%	0.42%
Corporate Franchise and Excise Tax	1,865,029,500	2,020,504,700	8.3%	16.4%	1.37%
Inheritance, Gift, and Estate Tax	161,266,000	110,627,500	-31.4%	1.4%	-0.45%
Other	2,259,324,200	2,284,531,700	1.1%	19.8%	0.22%
TOTAL ACCRUAL REVENUE	\$ 11,370,715,100	\$ 11,661,111,400	2.6%	100%	12.55%

*Data from F&A

¹Total % Point Contribution does not equal total growth due to rounding

Housing

- Housing starts grew over 20% in the second half of Fiscal Year 2013
- By the end of Fiscal Year 2014, housing starts are expected to have increased 50% from a year earlier



Tax Implications

Direct Revenue Implications of Increased Housing Activity (Most Recent 6 Month Data)

Growth is presented as year over year (YOY)

Sales Tax Collections from Building Materials

	Collections	YOY % Growth	YOY \$ Growth
May	\$ 37,822,441	5.87%	2,220,177
June	36,476,478	7.21%	2,452,327
July	35,752,801	3.79%	1,304,918
August	32,221,411	11.08%	3,212,771
September	29,611,210	3.13%	899,306
October	31,872,304	10.07%	2,916,097
			13,005,596

Privilege Tax Collections from Realty Transfer

	Collections	YOY % Growth	YOY \$ Growth
May	8,821,292	23.60%	1,686,667
June	9,038,843	14%	1,109,967
July	7,872,471	-9.33%	-809,915
August	12,633,097	65.39%	4,994,904
September	10,409,625	5.12%	507,272
October	9,112,271	27.47%	1,963,444
			9,452,339

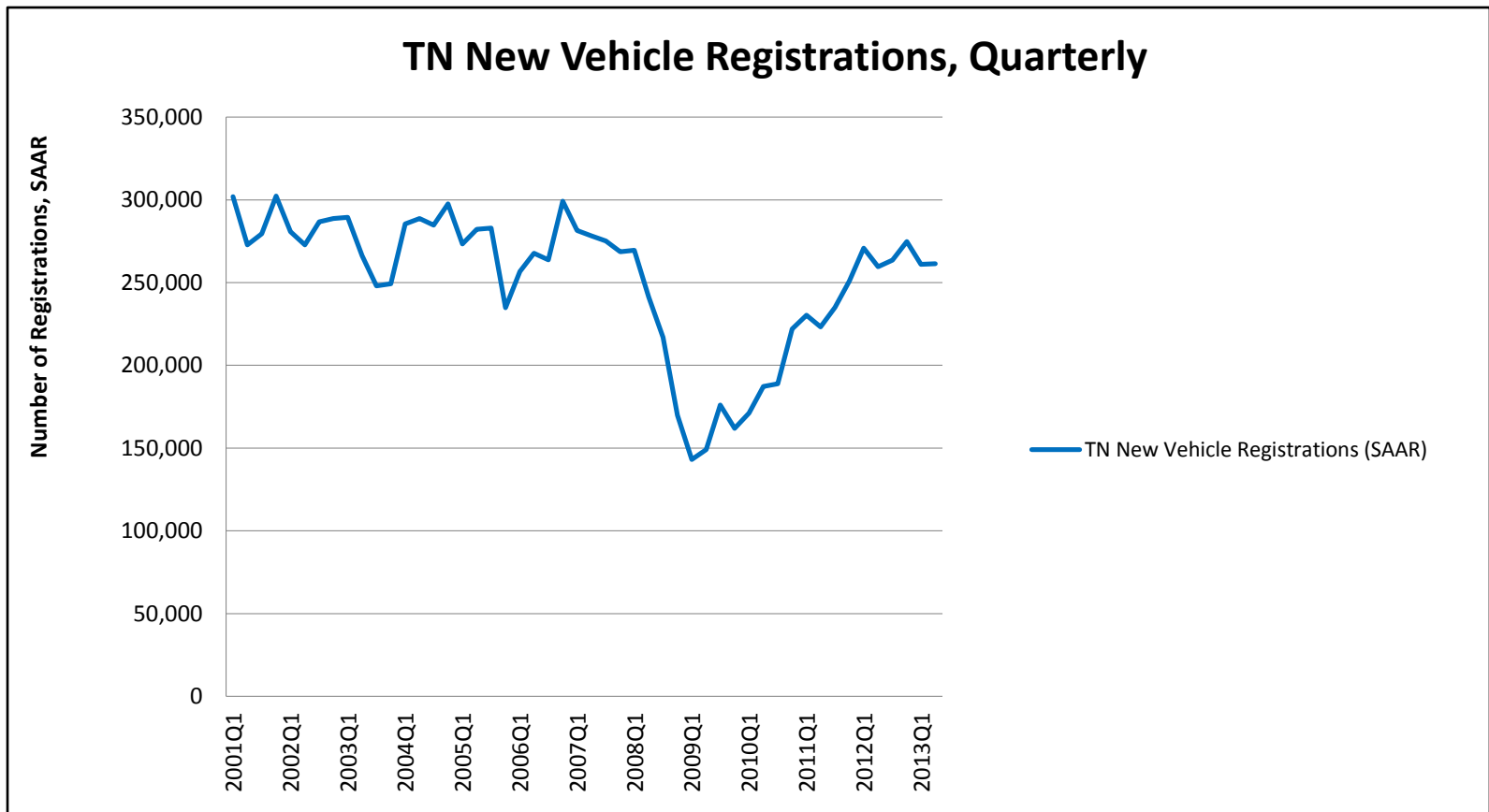
Privilege Tax Collections from Realty Mortgage

	Collections	YOY % Growth	YOY \$ Growth
May	4,983,550	27.30%	1,068,572
June	4,565,649	8.69%	365,166
July	3,884,990	-9.17%	-392,120
August	6,168,108	51.11%	2,086,228
September	4,698,111	-16.05%	-897,949
October	4,135,014	-4.50%	-194,717
			2,035,180

6 Month Total Growth 24,493,115

Automotive

- New Vehicle Registrations increased 4.5% from FY 2012 – FY 2013
- Expected to increase over 10% during FY 2014 with continued moderate growth through FY 2015



Tax Implications

Revenue Implications of Increased Motor Vehicle Sales (Most Recent 6 Month Data)

Growth Is Presented as Year Over Year (YOY)

Sales Tax Collections from Auto Dealers & Service Stations

	Collections	YOY % Growth	YOY \$ Growth
May	\$ 76,412,394	8.10%	5,720,546
June	77,065,373	1.13%	864,658
July	78,726,199	5.51%	4,112,588
August	82,017,518	6.93%	5,315,795
September	83,960,674	8.27%	6,411,657
October	73,764,097	7.03%	4,844,049
			27,269,293

Motor Vehicle Title Collections

	Collections	YOY % Growth	YOY \$ Growth
May	1,011,353	-17.23%	-210,525
June	1,081,840	10%	97,587
July	1,333,050	36.70%	357,868
August	1,109,762	7.46%	76,999
September	1,011,262	13.59%	121,022
October	1,045,182	10.52%	99,466
			542,417

Motor Vehicle Registration Collections

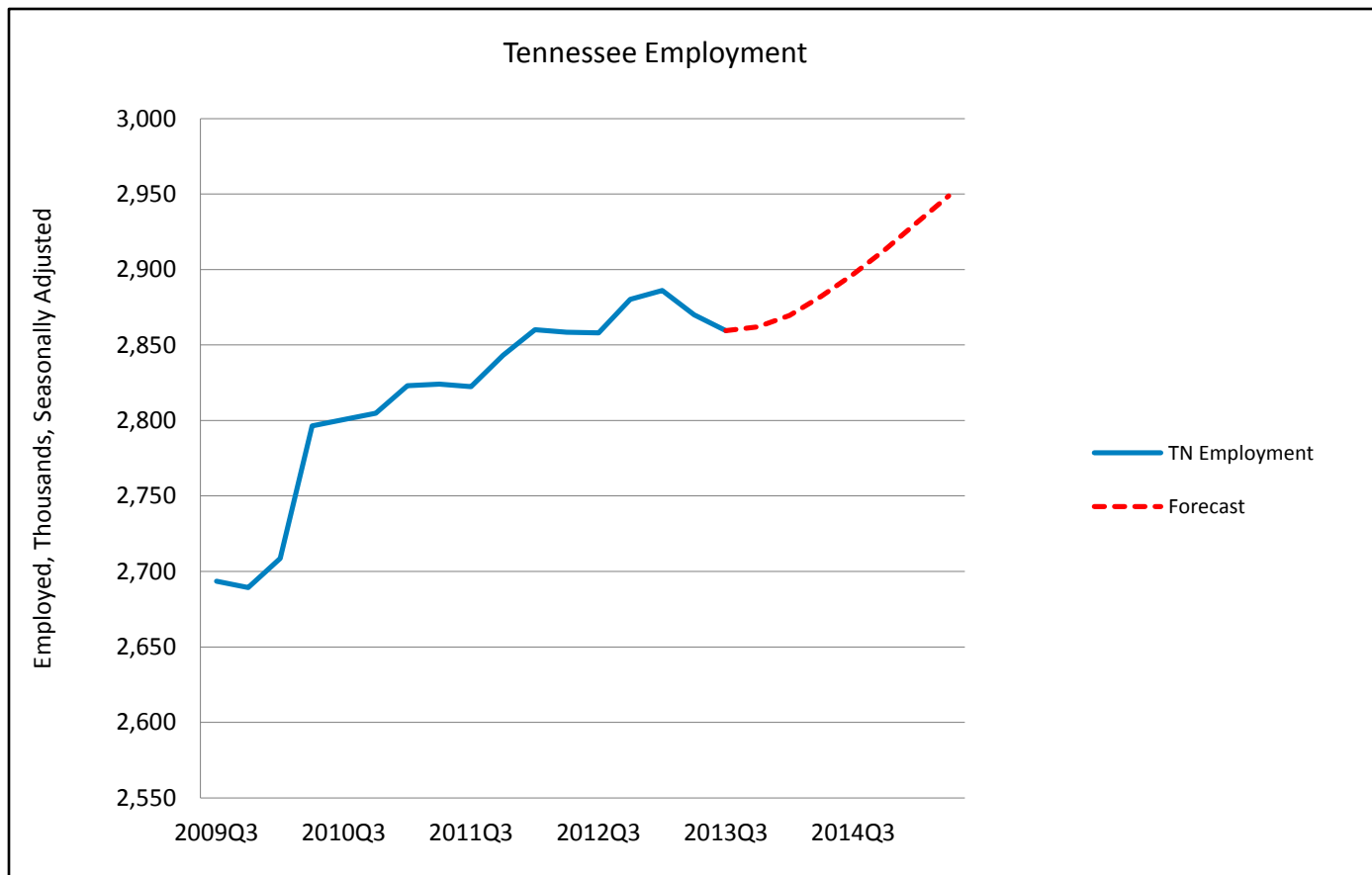
	Collections	YOY % Growth	YOY \$ Growth
May	21,346,492	4.50%	919,453
June	20,951,102	1.00%	206,989
July	21,134,606	4.78%	964,864
August	22,224,434	7.61%	1,570,928
September	19,654,987	3.00%	571,841
October	19,982,411	4.39%	840,234
			5,074,309

6 Month Total Growth

32,886,019

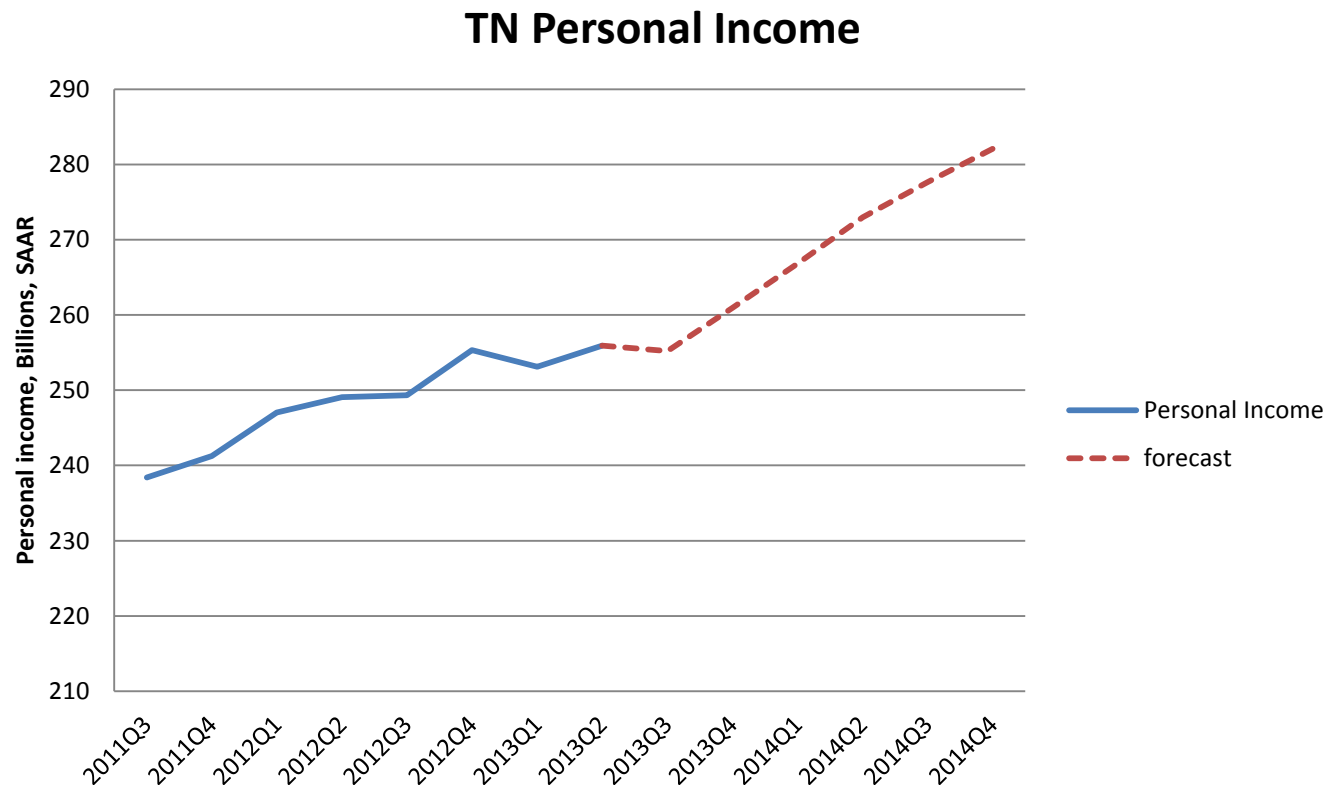
Tennessee Employment

- Temporary weakness in employment
- Continued job growth expected over the forecast horizon, led by private sector



Tennessee Gains in Personal Income

- Personal Income gains of 4.15% for FY 2014
- Personal Income gains over 6% for FY 2015, led by growth in wages and salaries





TENNESSEE DEPARTMENT OF REVENUE COLLECTION ESTIMATES
STATE FUNDING BOARD MEETING----12/10/2013
Accrual year basis (USD)

SOURCE OF REVENUE

Department of Revenue	official Accrual Revenues FY 2013 Actual	official Revenue Estimates FY2014	FY 2014 Revised Estimates FY 2014	% change ² over FY 2013	FY 2015 Revenue Estimates FY 2015	% change ² over FY 2014
Sales and Use Tax	\$7,012,000,000	7,288,400,000	7,270,500,000	3.69%	7,568,600,000	4.10%
Gasoline Tax	615,000,000	611,800,000	619,400,000	0.71%	617,300,000	-0.34%
Motor Fuel Tax	157,000,000	162,300,000	159,800,000	1.81%	163,500,000	2.30%
Gasoline Inspection Tax	62,900,000	63,700,000	63,300,000	0.54%	63,300,000	0.00%
Motor Vehicle Registration Tax	252,900,000	256,500,000	264,500,000	4.61%	275,100,000	4.00%
Income Tax ³	233,400,000	201,800,000	278,800,000	19.45%	259,800,000	-6.82%
Privilege Tax ¹	259,800,000	298,200,000	290,700,000	11.91%	300,600,000	3.42%
Gross Receipts Tax - TVA	343,100,000	342,700,000	332,100,000	-3.21%	335,400,000	1.00%
Gross Receipts Tax - Other	25,100,000	31,500,000	27,000,000	7.69%	27,400,000	1.25%
Beer Tax	17,200,000	17,800,000	17,100,000	-0.77%	17,000,000	-0.50%
Alcoholic Beverage Tax	52,100,000	55,100,000	54,200,000	4.08%	56,300,000	3.84%
Franchise & Excise Tax	2,020,500,000	2,135,900,000	1,961,900,000	-2.90%	2,079,600,000	6.00%
Inheritance and Estate Tax	110,600,000	85,000,000	99,300,000	-10.20%	82,500,000	-17.00%
Tobacco Tax	277,400,000	272,700,000	277,100,000	-0.12%	275,700,000	-0.50%
Motor Vehicle Title Fees	11,900,000	13,100,000	12,400,000	3.70%	13,000,000	4.90%
Mixed Drink Tax	69,600,000	72,400,000	73,100,000	5.10%	77,200,000	5.50%
Business Tax	137,700,000	140,600,000	142,600,000	3.56%	149,800,000	5.05%
Severance Tax	2,400,000	2,400,000	2,900,000	21.98%	3,100,000	8.00%
Coin-operated Amusement Tax	300,000	300,000	300,000	-13.64%	300,000	0.00%
Unauthorized Substance Tax	-----					
Total Department of Revenue	\$11,661,100,000	\$12,052,200,000	\$11,947,200,000	2.45%	\$12,365,500,000	3.50%

¹Privilege excludes 34.8 million dollar earmark not included by F&A
²Percent change in revenue for each tax is the calculated percentage change *before* rounding to nearest 100,000
³Fiscal Year 2014 Income Tax Forecast includes collections forecast component of \$249.8 million and an accrual adjustment of \$29 million

Definitions and Sources

- SAAR = Seasonally Adjusted Annualized Rate
- FY = Fiscal Year
- TN = Tennessee
- Data Sourced From:
 - Moody's (Fall, 2013)
 - BEA (Fall, 2013)
 - BLS (Fall, 2013)
 - TN Department of Revenue (Fall, 2013)
 - TN Department of Finance & Administration (Fall, 2013)